



# WISCONSIN REGULATORY DIGEST

Volume 8, No. ■

A Publication of the  
ACCOUNTING EXAMINING BOARD

JUNE, 1997

## RECENT CHANGES AFFECT EXAM CANDIDATES AND LICENSEES

Recent statutory, rule and policy changes have occurred affecting both exam candidates and licensees. These include:

### **EXAM ELIGIBILITY REQUIREMENTS**

Effective with the May, 1996 exam, candidates must submit a pre-qualification application to verify education credentials before sitting for the CPA exam. Candidates may sit for the exam during their last semester of education if the graduation date will be within 45 days after the exam. Schools will be asked to complete forms attesting to the expected graduation date. This change was made in response to the recently adopted non-disclosed exam format.

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### **THE WISCONSIN ACCOUNTING EXAMINING BOARD**

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### **150 HOUR REQUIREMENT**

State schools are currently busy looking at possible curriculum changes that may be necessary after the passage of 1995 WI Act 333 on May 2, 1996, which changes the requirements for eligibility to sit for the CPA exam. Beginning in 2001, candidates will be required to hold a bachelor's degree or higher and to complete at least 150 semester hours of education with an accounting concentration (increased from 120 hours). Some schools appear to be making changes so that a candidate will receive a Master's degree upon completion of the 150 hours and others are focusing on curriculum identified as necessary for CPA's in the work world. The bill also decreases the amount of experience necessary for licensure to two years. On **JUNE 20, 1997**, the board held a public hearing on the rules that have been developed to clarify the new law. If you would like to file written comments, please do so immediately. The proposed text is:

***Accy 7.035 EDUCATION REQUIREMENT  
EFFECTIVE JANUARY 1, 2001.*** Pursuant to s. 442.04 (4), Stats., after December 31, 2000, a person may not take the examination leading to the certificate to practice as a certified public accountant unless the person has, as part of the 150 hours education, met one of the following four conditions:

(1) *Earned a graduate degree with a concentration in accounting from an accounting program or department that is accredited by an accrediting agency recognized by the board.*

(2) *Earned a graduate degree from a business school or college of business that is accredited by an accrediting agency recognized by the board and completed at least 24 semester hours in accounting at the undergraduate level or 15 semester hours at the graduate level, or an equivalent combination, including courses covering the subjects of financial*

accounting, auditing, taxation, and management accounting.

(3) Earned a baccalaureate degree with a major in accounting from a business school or college of business that is accredited by an accrediting agency recognized by the board including:

(a) At least **24** semester hours in accounting at the undergraduate **or** graduate level, including courses covering the subjects of financial accounting, auditing, taxation, and management accounting. **In** accounting, this would normally be all courses taken beyond the introductory level; and

(b) At least **24** semester hours in business courses, other than accounting courses, at the undergraduate or graduate level.

(4) Earned a baccalaureate or higher degree from an accredited educational institution including:

(a) At least **24** semester hours of accounting, including courses covering the subjects of financial accounting, auditing, taxation, and management accounting. **In** accounting, this would normally be all courses taken beyond the introductory level; and,

(b) At least **24** semester hours **in** business courses, other than accounting courses, at the undergraduate or graduate level.

#### **UNIFORM CPA EXAM UPDATE PROPOSED**

The AICPA Board of Examiners is working on revising the content specifications for the exam. Input is being sought from state boards regarding current knowledge and skills a CPA needs. The update process will focus on:

- 1) Changes on the types of engagements newly licensed CPA's handle and boards regulate.
- 2) Changes in knowledge and skills needed by CPA's
- 3) How changes in public accountancy should be reflected on the exam to better protect the public.

A Content Oversight Task Force (COTF) was selected, consisting of 10 CPA's with diverse backgrounds. Their current goals are to:

- a) Obtain & review state board feedback.
- b) Seek liaisons with NASBA, AICPA, Amn Acct Assn committees.
- c) Appoint working groups to monitor and evaluate practice changes.
- d) Encourage interested parties to share their views.
- e) Review professional literature.
- f) Conduct targeted practice surveys of CPAs.
- g) Obtain input from Board of Examiner's Uniform CPA Examination preparation subcommittees.

The Board has nominated Dawn M. Witek (Madison) and Chris J. Freeders (Milwaukee) to the AICPA Exam Division, standards setting panels to review possible exam changes.

#### **LIMITED LIABILITY PARTNERSHIPS**

There soon may be three new letters behind your firm's name, LLP, or Limited Liability Partnership. This new type of business organization combines the single-level flow through taxation and operating flexibility of a partnership with the limited liability advantages of a corporation for its owners. LLP's may be created by filing articles of organization with the Department of Financial Institutions at (608) 261-9555 or <http://badgerstate.wi.us/agencies.dfi>. In order to provide certified public accounting firms with the option of becoming LLPs, it was necessary for the Board to change its rule (Accy 1.405), which had permitted certified public accounting firms to practice only as a sole proprietorship, partnership or service corporation. The rule became effective on June 4, 1994, and reads :

*Accy 1.405. FORM OF PRACTICE AND NAME (1) Individuals or firms may practice as a certified public accountant **in** any organization form permitted by state law.*

More than 35 states have adopted LLP legislation, including all of the states adjoining Wisconsin.

#### **RENEWAL OF EXPIRED LICENSES**

The requirements for renewing a license that has been lapsed *5 years or more* are now contained in Accy 4.035, which authorizes the board to require a CPA to successfully complete an examination or education, or both, prior to renewing the license. As of January, 1997, the board set the following guidelines for individuals who have allowed their licenses to lapse longer than 5 years:

1. Pay the current renewal fee and \$25.00 late fee
2. Retake the State Ethics Exam.
3. Take continuing education credits to equal 1 hour for each month the license was in expired status, not to exceed 80 hours -- with renewal after 40 hours and 2 years to complete the remaining credits.

### **Tax Delinquency Program**

As required by law, the department will not allow credential holders to renew their licenses if they are tax delinquent and have not made acceptable arrangements with the Department of Revenue. The department has developed procedures for determining who is delinquent and for denying the renewal of those who are delinquent. These procedures may be found in Ch. RL 9, Wis. Admin. Code. To date, over \$870,000 in delinquent taxes has been collected from credential holders who were previously tax delinquent.

### **BOARD MEMBER ACTIVITY**

Three changes have taken place with regard to Board personnel. Terry Von Haden and Ed Cichurski have left the Board. Mr. Von Haden had served on the board faithfully since October, 1987. He was succeeded by Sharon Hamilton. Mr. Cichurski, served as an active member from February, 1994, resigned at the April, 1996 meeting due to a business transfer. His position is currently vacant. The Board and the Department staff join in thanking both members for their service and wish them well as they continue their life endeavors.

**NEW MEMBER INTRODUCED:** Sharon J. Hamilton, CPA, joined the board officially at the June, 1996 meeting. Sharon is a CPA in public practice. She is a shareholder in Botsford, Leslie, McClure & Hamilton, Ltd., a CPA firm in Racine. Beside this board activity, she is involved in her community and serves on several nonprofit boards. Sharon is married and has one son.

At the board's December, 1996 meeting several issues were identified as focal points for the 1997 year, including:

1. **150 Hour Requirement** - complete rules and discuss anticipated transitional items such as the effect of the rule on people currently in the process, non-traditional students, other state candidates, etc.
2. **Peer/Quality Review** - continue discussions and further evaluate the cost of such a review on sole practitioners and whether this is a board or professional organization function.
3. **Continuing Education** - currently not required for licensure.
4. **Rules Review** - as part of a department initiative, all rules are being reviewed internally, by the Legal Services Rules Review Committee for clarity, statutory authority and grammar. Suggestions for changes are being forwarded to all respective boards. Members will work on suggested changes as well as others.

Board committee membership was determined for 1997, as follows:

<u>Committee</u>	<u>Members</u>
150Hour/CPE	Garlock, Hanson
Tort Reform	Probst, Hanson, Hamilton
Quality Review	Ritter, Garlock, Hamilton
Reciprocity	Kalishek, Probst, Garlock
Define Public Accountant	Kalishek, Ritter, Garlock
Firm Name/Title	Ritter, Hanson, Garlock
Non-CPA Ownership	Hanson, Kalishek
Failure to Renew	Ritter, Hanson, Hamilton
Examinations	Probst, Ritter, Kalishek
Newsletter	Probst, Hanson, Kalishek

Committees generally meet before the Board meetings and are open to all interested parties, as are the Board meetings.

***DID YOU KNOW?** There are currently 9,921 CPAs licensed by the board and 403 firms.*

### **INCREASED EXAM SECURITY**

At a recent meeting Exam Office Personnel requested that the Board reconsider the policy of allowing food in the exam room because of increased security needs surrounding non-disclosure of questions and the disturbance caused by opening and eating food. The board decided to allow drinks but not food in the exam room. Smoking is allowed outside the current exam sites but candidates who leave must be monitored while out smoking, this policy will continue for the time being.

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### **DISCIPLINE**

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#### **RONALD W KIRCHENBERG VOLUNTARY SURRENDER**

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Convicted of 2 Counts of embezzlement.  
Effective 08/09/96.

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#### **CHARLES D STEINERT, JR. VOLUNTARY SURRENDER**

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Convicted of theft. Effective 10/04/96

### **VISIT THE DEPARTMENT'S WEB SITE**

<http://badger.state.wi.us/agencies/dry>

We are working on changes; comments are welcome. What would be useful to you?

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## WISCONSIN STATUTES AND ADMINISTRATIVE CODE

Copies of the Accounting Examining Board statutes and administrative code can be ordered through the Board Office. Include your name, address, county and a check payable to the Department of Regulation and Licensing in the amount of \$5.28. A revised statute and codebook is now available, dated June, 1997.

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## ACCOUNTING BOARD MEETING DATES

October 3, 1997  
December 5, 1997

## UPCOMING EXAM: DATE

November 5 & 6, 1997 - deadline Sept. 2, 1997